

Andrew L. Liput, Esq.
 19D Chapin Road, P.O. Box 2014
 Pine Brook, New Jersey 07058
 (973) 244-7100, Ext. 1173
 Attorney for Plaintiff

Judge Hellerstein

UNITED STATES DISTRICT COURT
 SOUTHERN DISTRICT OF NEW YORK

ICON RESIDENTIAL CAPITAL LLC,

X

'07 CIV 6436

No. 07 Civ _____

Plaintiff,

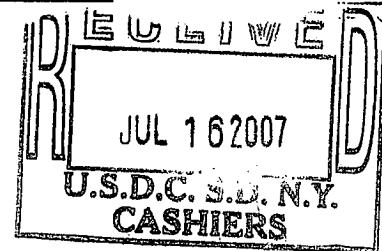
-against-

SPECTRUM FINANCIAL GROUP, INC.,

Defendant.

X

**COMPLAINT OF
 ICON RESIDENTIAL
 CAPITAL LLC**



Plaintiff, Icon Residential Capital LLC ("ICON"), by its attorney, Andrew L. Liput, Esq., as and for its Complaint against the above referenced defendant alleges as follows:

NATURE OF ACTION

1. ICON brings this action to recover its losses from the defendant for breach of a certain Master Mortgage Loan Purchase Agreement in connection with the sale and purchase of certain residential mortgage loans.

2. As a result of defendant's actions and omissions, ICON has suffered losses due to the default of said mortgages and their put-back by ICON's investors.

THE PARTIES

3. Plaintiff ICON is a New Jersey corporation with its principal place of business at 23 Corporate Plaza, Suite 246, Newport Beach, California 92660. ICON's

New Jersey administration office is located at 19 D Chapin Road, Pine Brook, New Jersey 07058.

4. Upon information and belief, Defendant Spectrum Financial Group, Inc. (hereinafter "Defendant"), at all times hereinafter mentioned, was and is an Arizona corporation licensed as a residential mortgage broker and/or lender, having an address for business at 7047 E. Greenway Parkway, Scottsdale, AZ 85254.

JURISDICTION AND VENUE

5. This Court has jurisdiction over the subject matter of this action pursuant to 28 U.S.C. §§1331, 1332, because the action (a) arises under the laws of the United States and (b) is between citizens of different states and the matter in controversy exceeds \$75,000.00, exclusive of interest and costs. Additionally, the Court has supplemental jurisdiction over the subject matter of any state law claims pursuant to 28 U.S.C. §1337(a).

6. Venue is proper in this district pursuant to written agreement between the parties, who choose this court as an arbiter of any disputes arising under the agreements between them.

FACTUAL BACKGROUND

7. ICON incorporates by reference as if fully set forth each of its statements and allegations set forth in Paragraphs "1" through "6" above.

8. ICON entered into a written Master Mortgage Loan Purchase Agreement ("Agreement") with Defendant on November 1, 2006, pursuant to which ICON purchased certain residential mortgage loans from Defendant for re-sale to secondary market investors.

9. Pursuant to the terms of the Agreement, Defendant represented, at Section 7.02, that the loans met certain quality standards established by the parties.

10. Pursuant to the terms of the Agreement, at Sections 7.03 and 7.04 thereof, Defendant agreed, *inter alia*, that in the event it breached any of its representations and warranties, following notice, and an opportunity to cure, if possible, Defendant would repurchase any such defective loan.

11. Pursuant to Section 17 of the Agreement between the parties, Defendant agreed that in the event of any dispute arising from this Agreement, then the parties consented to the jurisdiction of this Court to resolve same.

12. On May 8, 2007, ICON advised Defendant in writing of certain defective loans sold to ICON by Defendant, which failed to meet the quality standards set forth in the Agreement, having been put back to ICON by its investor(s), and demanded resolution or repurchase.

13. Defendant has failed to resolve the loan defects and/or repurchase the loan in accordance with the provisions of the Agreement between the parties, despite repeated demand for same, causing ICON to incur damages and losses.

COUNT I
BREACH OF CONTRACT

14. USM incorporates by reference as if fully set forth each of its allegations set forth in Paragraphs "1" through "13" above.

15. Defendant breached the term of the Agreement between the parties, causing ICON to suffer damages.

WHEREFORE, ICON demands judgment against the defendants for damages in the principal amount of \$1,131,295.14, plus interest, attorney's fees and costs of suit, and for such other and further relief as this court deems fair, just and equitable.

COUNT II
NEGLIGENCE

16. ICON incorporates by reference as if fully set forth each of its allegations set forth in Paragraphs "1" through "15" above.

17. Defendant owed a duty to ICON to, as the case might be, originate, underwrite, close, and sell to ICON, loans that met the quality standards established in the Agreement and generally in the industry for good loan origination.

18. ICON reasonably relied upon the acts of the Defendant when it sold the loans in question, to its detriment..

WHEREFORE, ICON demands judgment against the defendants for damages in the principal amount of \$1,131,295.14, plus interest, attorney's fees and costs of suit, and for such other and further relief as this court deems fair, just and equitable.

Dated: July 9, 2007

BY:

Andrew L. Liput, Esq. (ALL-6150)
19D Chapin Road, P.O. Box 2014
Pine Brook, New Jersey 07058
(973) 244-7100 ext. 1173
Attorney for Plaintiff,
Icon Residential Capital LLC

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

ICON RESIDENTIAL CAPITAL LLC
Plaintiff

Case No.

-v-

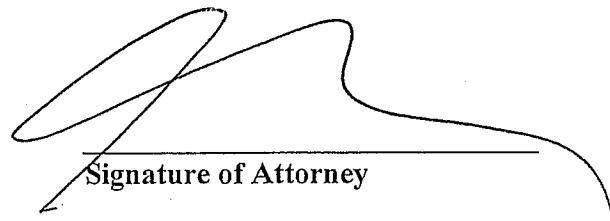
SPECTRUM FINANCIAL GROUP, INC.

Defendant

Rule 7.1 Statement

Pursuant to Federal Rule of Civil Procedure 7.1 [formerly Local General Rule 1.9] and to enable District Judges and Magistrate Judges of the Court to evaluate possible disqualification or recusal, the undersigned counsel for Icon Residential Capital LLC (a private non-governmental party) certifies that the following are corporate parents, affiliates and/or subsidiaries of said party, which are publicly held.

Date: July 12, 2007



Signature of Attorney

Attorney Bar Code: AL6150